

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF TEXAS  
HOUSTON DIVISION**

**In re:**

**ERIN ENERGY CORPORATION, *et al.*,<sup>1</sup>**

**Debtors.**

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**Case No. 18-32106**

**Chapter 11**

**DEBTORS' MOTION FOR ORDER PURSUANT TO 11 U.S.C. §365(a) AUTHORIZING  
REJECTION OF RENTAL AGREEMENT  
WITH FOUR OAKS PLACE OPERATING LP**

**THIS MOTION SEEKS AN ORDER THAT MAY ADVERSELY AFFECT YOU. IF YOU OPPOSE THE MOTION, YOU SHOULD IMMEDIATELY CONTACT THE MOVING PARTY TO RESOLVE THE DISPUTE. IF YOU AND THE MOVING PARTY CANNOT AGREE, YOU MUST FILE A RESPONSE AND SEND A COPY TO THE MOVING PARTY. YOU MUST FILE AND SERVE YOUR RESPONSE WITHIN 21 DAYS OF THE DATE THIS WAS SERVED ON YOU. YOUR RESPONSE MUST STATE WHY THE MOTION SHOULD NOT BE GRANTED. IF YOU DO NOT FILE A TIMELY RESPONSE, THE RELIEF MAY BE GRANTED WITHOUT FURTHER NOTICE TO YOU. IF YOU OPPOSE THE MOTION AND HAVE NOT REACHED AN AGREEMENT, YOU MUST ATTEND THE HEARING. UNLESS THE PARTIES AGREE OTHERWISE, THE COURT MAY CONSIDER EVIDENCE AT THE HEARING AND MAY DECIDE THE MOTION AT THE HEARING.**

**REPRESENTED PARTIES SHOULD ACT THROUGH THEIR ATTORNEY.**

TO THE HONORABLE MARVIN ISGUR, U.S. BANKRUPTCY JUDGE:

The above-captioned debtors and debtors in possession (collectively, the "Debtors") hereby file this Motion for Order Pursuant to 11 U.S.C. § 365 Authorizing Rejection of Rental Agreement with Four Oaks Place Operating LP (the "Motion"). In support thereof, the Debtors state as follows:

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<sup>1</sup> The last four digits of Erin Energy Corporation's ("ERN") federal tax identification number are 9798. The other Debtors in these cases are: Erin Energy Limited ("EEL"); Erin Energy Kenya Limited ("EEKL"); and Erin Petroleum Nigeria Limited ("EPNL"). The Debtors' service address is: 1330 Post Oak Blvd., Suite 2250, Houston, TX 77056.

## **I. JURISDICTION AND VENUE**

1. This Court has jurisdiction over these matters pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue of these chapter 11 cases in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested in this Motion is 11 U.S.C. § 365(a).

## **II. BACKGROUND**

### ***Procedural History***

2. On April 25, 2018 (the “Petition Date”), the Debtors filed voluntary petitions for relief (the “Bankruptcy Cases”) under chapter 11, title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Southern District of Texas (the “Court”). The Debtors continue to operate and manage their businesses as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

### ***The Rental Agreement***

3. The Debtors and T-C Four Oaks Place LLC (“T-C Four Oaks”) entered into a rental agreement on July 22, 2010 in connection with the Debtors’ leasing of approximately 3,703 square feet of office space on the twenty-fifth floor of the building located at 1330 Post Oak Boulevard, Houston, Texas (the “Leased Office”). Thereafter, on or about September 17, 2013, the Debtors entered into an amendment of the rental agreement with the new landlord at that time, Four Oaks Place Operating LP (“Four Oaks”). A true and correct copy of the rental agreement and amendment (collectively, “Rental Agreement”) is attached hereto as Exhibit “A” and incorporated by reference herein.

4. The Rental Agreement is set to expire after the First Extended Term, ending on October 31<sup>st</sup>, 2019. As such, when the Debtor filed its bankruptcy petition, approximately eighteen (18) months remained in the term of the Rental Agreement. The Rental Agreement

contemplated a scaled rental price whereby the monthly rent from the Petition date through November 30, 2018 is \$9,566.08/month and for the time period December 1, 2018 through October 31<sup>st</sup>, 2019 is \$9,720.38/month. The last month in which a full rental payment was made was March of 2018. In total, \$183,452.82 remains owing on the Rental Agreement.

5. At present, the Debtors have moved their remaining employees and personal property out of the Leased Office and into the offices held under a separate lease in the same building.

### **III. RELIEF REQUESTED**

6. Pursuant to section 365(a) of the Bankruptcy Code, the Debtors submit this Motion requesting that the Court Authorize Debtors to Reject the Rental Agreement with Four Oaks.

### **IV. BASIS FOR RELIEF**

7. Section 365(a) of the Bankruptcy Code allows a debtor to, “subject to the court’s approval,...reject any executory contract or unexpired lease.” 11 U.S.C. § 365(a). Courts in the Fifth Circuit follow the majority rule that a debtor’s decision to reject an unexpired lease is subject to the business judgment test. *See e.g., In re Eagle Bus Mfg., Inc.*, 134 B.R. 584 (Bankr. S.D. Tex. 1991) (confirming reorganization plan, court found debtor’s rejection of unexpired leases to be sound business judgment and in the best interest of estates). The sole inquiry is whether the rejection will benefit the estate. *See Commercial Fin., Ltd. v. Hawaii Dimensions, Inc. (In re Hawaii Dimensions, Inc.)*, 47 B.R. 425, 427 (D. Haw. 1985) (“Under the business judgment test, a court should approve debtor’s proposed rejection if such rejection will benefit the estate.”).

8. The Debtors' estates will be significantly benefitted as the office space needed to maintain operations has been dramatically reduced, and the monthly rental expense to maintain unused office space is a waste of estate resources. Granting the relief requested herein is in the best interest of all creditors and the debtors' estates and will help the Debtors to continue operations by eliminating the unnecessary monthly expense.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form filed herewith, granting the relief requested in this Motion, and such other and further relief as may be just and proper under the circumstances.

DATED: June 11, 2018.

Respectfully submitted,

**OKIN ADAMS LLP**

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**PROPOSED ATTORNEYS FOR THE  
DEBTORS**

**CERTIFICATE OF SERVICE**

I hereby certify that on June 11, 2018 the foregoing Motion was served upon filing via the Court's EM/ECF electronic system on all parties subscribing thereto, as well as by regular mail on the Debtors' Master Service List.

/s/ Matthew S. Okin

Matthew S. Okin